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The Missouri Housing Development Commission (MHDC)’s most recent recommendations for the award of low income housing tax credits dramatically changes the way the state does business.

With little fanfare and much attention to detail, MHDC, which oversees state funding of low income housing in Missouri, essentially adopted the recommendations of the bipartisan tax credit review commission and, in fact, took the recommendations a step further, thus saving the state more money.

We point this out because it presents a rationale view of the process of government and the dynamics of change.

MHDC was an active participant in the commission’s work, presenting its own report and recommendations, all of which are part of the lengthy public record on the commission’s website (http://tcrc.mo.gov).

In the arena of low income tax credits, the single largest allocation in the state (of the $1.2 billion of outstanding tax credits in Missouri, about $1 billion are low income), the tax credit review commission recommended reducing the amount of state low income tax credits awarded; shortening the payout period from 10 years to five; eliminating bond deals; and not allowing the stacking, or combining, of the state low income tax credit with state historic credits.

These recommendations have been submitted to the Governor who has yet to decide whether and how to propose them to lawmakers.

However, on its own, MHDC virtually achieved the same spirit and letter of reform in its most recent awards to 28 projects across the state. These 9 percent federal credits are coveted by developers and competitively sought. While MHDC could have recommended the award of $165 million in credits over 10 years and the tax credit review commission recommended $80 million over five years, MHDC’s actual recommendation was $80 million over 10 years, saving Missouri a great deal of money.

It would have taken an act of the Legislature to alter the decade-long time allocation, so MHDC brilliantly stayed within the letter of the law and the spirit of the recommendations for reform.

MHDC also essentially followed the tax credit review commission’s advice on disallowing bond deals (approving only one) and the stacking of credits (approving only two). The exceptions, it should be noted, had overriding social concerns.

It’s all rather dense but extremely important, again emphasizing that low income housing tax credits are the largest pot of credits in the state. In 2010, the redemptions of low income housing tax credits were $142 million; senior citizen’s property tax credits were $118.6 million; historic preservation credits were $99.5 million; and Missouri Quality Jobs credits were $57 million.

The tax credit review commission’s work is sometimes reduced to headlines over the historic tax credits. There were many other points in the report, and it’s rewarding to see MHDC making the most of them.

Rewarding for the entire state.